African Growth and Opportunity Act:

Export Opportunities for Nigerian Manufacturers In Textile Based Sewn Products

Part I: The Assessment

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Executive Summary

The purpose of this study was to examine the opportunities for the development of a textile and apparel manufacturing export sector in Nigeria, using the benefits of the African Growth and Opportunity Act. In the Assessment, the legislation is explained and highlighted as it applies to textiles and apparel. Trade statistics and trends are examined as they pertain to Sub-Saharan African (SSA) countries. Even though market access is limited by a quota, within the first year and perhaps the second, African countries will not fulfill the entire quota, leaving opportunities open for new countries to participate. A case study on the evolution and condition of the apparel industry in Madagascar helps to demonstrate that countries like Nigeria can develop significant export volumes and jobs if they are able to create favorable political and investment climates. An on-site survey of Nigerian textile and apparel companies was performed by two US-based apparel industry experts. Additionally, an analysis of Nigeria's strengths and weaknesses provides a conceptual framework for actions that need to be implemented.

Results of this study show that while Nigeria has a strong base of textile manufacturers supported by cotton growing capacity, it has no export apparel manufacturing capability. However, the country has an EPZ structure in place, with two zones in current operation, and has other strengths which lend themselves to the development of a successful apparel sector. There is a great deal of enthusiasm and interest among the textile manufacturing executives and government officials for the development of an apparel manufacturing industry. Nigeria needs to complete requirements of the US Customs Service to obtain a visa before it can export apparel through the AGOA access. Issues related to infrastructure must be addressed in order to attract the interest of local and international investors.

The Action Plan outlines what USAID can do now to assist the Nigerian government in its efforts to create an apparel manufacturing export industry. A more specific plan of initiatives addresses both short and long term needs.

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Purpose
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Apparel Manufacturing
Apparel manufacturing is known as a "gateway" industry in that it is often one of the first manufacturing sectors to flourish in newly industrialized countries. Improvements in communications and transportation technologies have allowed global migration of capital toward regions where there is abundant low-cost labor and sufficient infrastructure to develop world-class sewn products manufacturing. Historically, countries have demonstrated significant industrial development with scant original capacity. A state-of-the-art apparel sector does not have to grow from a traditional local industry that served domestic markets. However, workforce knowledge of craftsmanship, tailoring, embroidery, knitting and other special skills can be transferred into a manufacturing setting and represent an important element of competitive advantage. With the establishment of free trade zones and attractive competitive conditions, global retailers, brand marketers, and apparel manufacturers will consider investing in new sourcing locations, thereby creating world-class manufacturing sectors in relatively short periods of time.

In the past thirty years, hundreds of thousands of American and European apparel manufacturing jobs have shifted to lower cost countries. Large multinational apparel companies are abandoning much of their domestic-based manufacturing in pursuit of sophisticated sourcing structures that optimize their product development and marketing skills. At any one time, a familiar brand company such as The Gap or Nike may be sourcing goods through a network of hundreds of factories in dozens of countries. Diversity in regions and merchandise mix reduces risk. Apparel executives apply a wide range of criteria to select the ideal combination of sourcing options for their delivery and margin goals. They seek countries with shorter shipping times, low political risk, favorable currency exchange, high labor productivity, and low cost structures. Forms of ownership vary, from simple contracting per order to joint ventures and wholly owned, offshore subsidiaries.

As a link in a consumer-based supply chain, apparel retailing has become more capital intensive, requiring sophisticated technology to electronically coordinate products from the commodity raw material stage to the store shelf. Flexibility and efficiencies in manufacturing are critical for success. The world has enjoyed an excellent model of apparel manufacturing capabilities in Asia, due, in part to a unique financial structure and vertical integration within family-owned conglomerates. Asian producers aggressively developed their full package capabilities by adopting pre-production technology and taking the product from design concept to shelf ready. Eventually, most global apparel manufacturing will have to evolve to this level with piece goods, trims, and packaging financed by the manufacturers.

US Retailing
In the US, consolidation at the retail level is driving change within apparel manufacturing. Recent research demonstrates that 68% of apparel is sold by the top five retailers. Another 30% is sold by the next 24 largest apparel retailers. With the exception of uniforms, nearly all of the apparel sold in the US is

thus handled through 29 retailers. This concentration of power puts pressure on the manufacturing sector to achieve improved cost and timing efficiencies.

Consumer expenditure surveys indicate that Americans are spending lower percentages of their incomes on apparel in a decidedly downward trend over many years. The American industry has seen recent price deflation in apparel, in addition to lower profitability. All of these factors contribute to a cost efficiency manufacturing and logistics model that is necessary to sustain consumer apparel needs within price resistance levels. Large US retailers have embraced the cost benefits of sourcing from AGOA beneficiary countries, despite the frustrations of dealing with newly emerging industrial sectors.

AGOA Success

Apparel manufacturers have spent the last forty years chasing cheaper labor around the globe. In doing so, they have applied technologies to achieve remarkable efficiencies and a highly coordinated supply network, and have supplied hundreds of thousands of jobs in poor countries. It is now Africa's turn to participate in the global sewn products industry.

Several countries in the SSA region have benefited from AGOA, some quite dramatically. Some of the investments that AGOA has encouraged are presented in the 2002 AGOA Report to Congress and include:

- Increased investment valued at $12.8 million in Kenya, including the establishment or reopening of at least nine factories, where new employment has generated at least 20,000 jobs
- The opening of eleven new factories and the expansion of eight additional ones in Lesotho, resulting in the creation of 15,000 new jobs, allowing manufacturing employment in Lesotho to exceed government employment for the first time
- The creation of at least 4,350 jobs in Malawi
- Investments of over $78 million in Mauritius
- New and planned investment in Namibia in the apparel and textile sector alone has topped $250 million, creating an estimated 8,000 jobs over the next five years, and 18,000 jobs over ten years;
- The opening of at least eight new factories in Swaziland, creating 11,000 jobs
- A planned $20 million foreign investment in a Ugandan mill that will employ 500 people and benefit local agricultural producers

The formula for success involves opening doors to foreign investors and their professional expertise, while providing a streamlined mechanism to assist new operations and domestic entrepreneurs. Functional export processing zones are an absolute requirement, along with adequate infrastructure and uninterrupted utilities. Everything that government officials can do to improve the efficiency of the roads, ports, and communications will help attract more investment and more jobs. AGOA countries are competing to use the allotted quota. Those countries that demonstrate leadership and seek to create a textile-based sewn products industry with higher value-added products will benefit the most.

African Growth and Opportunities Act

The Africa Bill is a non-reciprocal trade agreement between the U.S. and the Sub-Saharan African Countries (SSA). Five years after its introduction in the U.S. Congress, the Africa Bill, now included in the Trade and Development Act of 2000, was enacted by President Clinton and came into force on October 1, 2000, assuming all eligibility requirements were met.

The Africa Bill opens the U.S. market for exports from Sub-Saharan African countries with preferential access for an initial period of 8 years. Congress will have the option to renew this trade agreement at the end of the 8-year period in 2008. As of the end of 2001, 35 countries were designated and 17 countries were eligible for textiles and apparel provisions.

The trade agreement does not require the African countries to make any reciprocal arrangement. The Africa Bill does, however, require countries to meet two sets of conditions. The first condition is political, mandating that countries' qualify for the Generalized System of Preferences (GSP) Program. To qualify for this program, countries must meet certain human and workers' rights criteria. The three countries currently ineligible under this condition are Eritrea, Liberia and Sudan. Swaziland is under threat to loose its GSP benefits based on workers' rights violations.

The second condition is economic, requiring countries to have in place a Customs Visa system officially approved by the U.S. Administration customs authorities to address transshipment risk. To date, 17 countries have had their Visa systems approved. When the Multi-Fiber Arrangement (MFA) ends in January 2005 the provisions of the African Growth and Opportunities Act will remain in force ensuring U.S. market access for Sub-Saharan countries.

Note: The Multi-Fiber Arrangement: A substantial portion of the protection enjoyed by textile and apparel industries in developed countries like the United States will disappear by 2005 when long-term quantitative trade restrictions under the Multi-Fiber Arrangement come to an end, as stipulated in the Uruguay Round Agreement.

Summary of AGOA Provisions for Textiles and Apparel

Source: Office of the United States Trade Representative, May 18, 2002

The African Growth and Opportunity Act (AGOA) provides for duty free and quota free access to the U.S. market without limits for apparel made in eligible Sub-Saharan African countries from U.S. fabric, yarn and thread. It also provides for substantial growth of duty free and quota free apparel imports made from fabric produced in AGOA beneficiary countries. Apparel imports made with regional (African) fabric and yarn are subject to a cap which started at 1.5% of overall U.S. apparel imports, growing to 3.5% of overall imports over an 8 year period. The cap is measured in square meter equivalents (SME's), and has no dollar equivalent.

In addition, there is unlimited duty free access to the U.S. market for apparel made in Sub-Saharan Africa from yarn or fabrics in short supply in the U.S. Examples include silk, linen, cotton velveteen, corduroy, batiste fabrics, certain lightweight high thread count broad woven fabrics for men and boys' shirts and fine count circular knit fabric for certain apparel. Handmade, hand loomed and folklore products are also eligible for unlimited duty free access to the U.S. market, but must be certified by the beneficiary country and U.S. consultations.

Although the intention of the AGOA legislation was to include knit-to-shape sweaters, U.S. Customs has refused preferential treatment to sweaters from Mauritius and Madagascar. The AGOA legislation pending in the U.S. Congress would implement a technical correction to address this issue.

Duty free shipments from Sub-Saharan Africa have not been close to reaching the quotas in the past, partly due to delays in implementation of the law and the lack of textile capacities located in Africa. Proposals are now in Congress to remove the cap for products made with African fabric. This would help to boost textile investment in Southern Africa.

Under a special rule for lesser developed beneficiary countries, they will enjoy duty free access for apparel made from fabric originating anywhere in the world until September 30, 2004. Apparel imported under this special rule is counted against the cap. Of the 35 approved countries for AGOA, the following are not eligible for lesser developed country benefits – Botswana, Gabon, Mauritius, Seychelles and South Africa.

These textile and apparel benefits are not automatic to AGOA eligible countries. Countries have to establish effective visa systems to prevent illegal transshipment and the use of counterfeit documentation. The U.S. Government reviews the applications and approves those countries that have met the criteria. As of May 18, 2002, the following seventeen countries have been approved for the textile and apparel benefits of AGOA.

AGOA Countries Eligible for Textile and Apparel Benefits

Botswana (August 27, 2001)	Cameroon (March 1, 2002)	Ethiopia (August 2, 2001)
Ghana (March 20, 2002)	Kenya (January 18, 2001)	Lesotho (April 23, 2001)
Madagascar (March 6, 2001)	Malawi (August 15, 2001)	Mauritius (January 19, 2001)
Mozambique (February 6, 2002)	Namibia (December 3, 2001)	Senegal (April 23, 2002)
South Africa (March 7, 2001)	Swaziland (July 26, 2001)	Tanzania (February 4, 2002)
Uganda (October 24, 2001)	Zambia (December 17, 2001)	

Trade Provisions of African Growth and Opportunities Act (AGOA)

Apparel Cut and Assembled in Sub-Saharan Africa,
Made from U.S. Fabric Using U.S. Yarn / Thread

Apparel made from U.S. fabric, made from U.S. yarn, have duty-free and quota-free access to the U.S. market. The entire Cut-Make-Trim (CMT) process can be done in Sub-Saharan Africa.

Apparel Assembled in Sub-Saharan Africa,
Made from U.S. Fabric, Using U.S. Yarn, Cut in the U.S.

There is unlimited duty-free access to the U.S. market for apparel assembled in Sub-Saharan Africa but cut in the U.S. from U.S. made fabric, made from U.S. yarn. All assembly and finishing operations can take place in Sub-Saharan Africa.

Apparel Made from Fabrics or Yarn Not Available in the U.S. in Commercial Quantities

There is unlimited duty-free access to the U.S. market for apparel wholly assembled in Sub-Saharan Africa using fabrics that appear on the NAFTA Short Supply List. The list includes silk, linens and some shirting fabrics.

Apparel Assembled from Fabric Made in Sub-Saharan Africa Using Either U.S. or Sub-Saharan Yarn

Apparel assembled in Sub-Saharan Africa will be duty-free if the fabric is manufactured using either U.S. or Sub-Saharan yarn. The yarn and fabric can be supplied from any Sub-Saharan country even if the products are manufactured in a different Sub-Saharan country. However, there is a quota on the use of this duty-free benefit. The quota, or Tariff Preference Level (TPL), is capped in the first year to 1.5% of the total value of all apparel imports into the U.S. (estimated at US$800 million). The cap will increase annually, up to 3.5%, at the end of year eight. The cumulative value of duty-free exports guaranteed under this provision is estimated at US$15 billion over eight years.

Apparel Assembled in Sub-Saharan Africa,
Using Fabric from other – non Sub-Saharan Countries

For those countries classed as Less Developed Countries (LDCs), that is having per capita income below US$1,500, there are special provisions for the first four years of the eight-year trade bill. Apparel assembled in Sub-Saharan Africa, made from fabrics produced in other countries (e.g. non U.S. and non-Sub Saharan African countries) have duty-free access to the U.S. market. These products are also subject to the limits under the TPL indicated above.

Of the 48 countries covered by the AGOA legislation, only six are not eligible for this benefit, as they are not classed as LDCs. They are Botswana, Gabon, Mauritius, Namibia, Seychelles, and South Africa.

Knit to Shape Apparel Issue

After the coming into effect of the AGOA legislation, U.S. customs has rejected a consignment of imported knit-to-shape sweaters on the basis that this type of apparel was not expressly listed as an item exempt from import duty. While customs and trade authorities recognize that the sentiment of the legislation does not exclude this item, it has not been expressly addressed in the legislation. Efforts are currently underway within the USTR to rectify this oversight. However, shippers are encouraged to acknowledge that this may take some months to bring into the legislation and that the duty-free status of knit-to-shape apparel is unlikely to be retroactive. Source: Cotton, Inc. 2002

Understanding the AGOA Quota
Duty-free access to the US apparel market is valuable. AGOA offers a 17.5% duty advantage.
In the year ending 2001, the United States imported about $56 billion worth of apparel representing 16 billion square meter equivalents. Quota is calculated in square meter equivalents, a measure of fabric volume that the apparel represents. For approved beneficiary countries of Sub-Saharan Africa, a duty free quota of 1.5% of overall imported fabric volume in the form of apparel was worth approximately $846 million in trade. With each of the eight years that AGOA provisions are in place, the quota rises by an increment of 0.28. Therefore, the second year quota, currently in effect is 1.78%. These incremental progression tops out at 3.5% in the eighth year. Quota is calculated from October 1st through September 30th, not on a calendar year, as are trade data. Quota percentages are applied to the overall import square meter equivalents from the previous year. The first "year" of AGOA preference ran from October 2000 through September 2001.

Year	Quota %
1	1.50
2	1.78
3	2.06
4	2.34
5	2.62
6	2.90
7	3.18
8	3.50

Because the volume of apparel imports has been on a rising trend (with the exception of 2001 due to the terrorist attacks and economic recession in the US), the basis for calculating quota will probably rise every year. The progressive quota in a rising import market can be thought of as a larger slice of a bigger pie each year.

AGOA Implications of WTO in 2005
In 2005, the World Trade Organization (WTO) rules will be liberalized, reducing all members' protectionist measures on imported apparel. Although there are "safeguards" in place that could be applied to avoid severe market disruptions in the US, there may be an unprecedented surge in apparel imports. Because AGOA access is guaranteed through 2008, the import surges that may occur in 2005 through 2007 could create an enormous duty-free quota volume for AGOA countries. These authors and other textile import specialists are unable to predict what will occur in the US apparel market during and after 2005, however, the AGOA access remains certain through 2008 and may be extended after that.

Assuming that we see a rise in overall imports, a quota range in those years of 2.62% to 3.5% could represent a tremendous amount of trade volume. For example, if overall imports rose in the year 2006 to 20 billion SME, the trade represented by a quota of 2.9% (580m SME) may be worth about $2 billion (assuming SME average value is $3.60. This value of $3.60 is difficult to predict, because man-made fibers can be cheaper than natural fibers and their relative share will change over time). Domestic apparel consumption is responsive to growth in population, per capita income, and the weighted product price of both domestic and imported goods. Also, when the dollar is strong, imports from developing countries increase.

In the first year of AGOA, not all the quota was used. The AGOA Preference Level for the first year (10/1/00 through 9/30/01) was 246,500,393 SME. The fill rate for that quota was 16.95%, which represented 41,769,757 SME (see table below). While this is good news for countries that are eager to join in the AGOA quota race, it is unfortunate that African countries are leaving so much trade money on the table because they cannot mobilize capacity fast enough to take advantage of what is available to them. As the "pie" gets bigger and the quota percentage rises, AGOA countries could fall further behind in utilization, losing even more trade to competitive regions of the world.

Significant installations of textile and apparel manufacturing capacity are being put in place by investors from all over the world who are seeking to profit from AGOA access. The depth and breadth of apparel manufacturing capacity in SSA countries portends the expected benefits that investors are seeking in the future. Adding to this potential value is the fortunate country that has both fiber and textile capacity in place. Countries such as Nigeria, South Africa, and Kenya that have cotton and textile manufacturing bases will benefit more than countries that have only apparel assembly sectors. These are true competitive advantages. However, no AGOA country will benefit if it lacks industrial leadership, strategic planning and an attitude that welcomes investment. Time is limited. Free trade zones and the infrastructures for exporting assembled apparel to the US must be established soon. Eventually, hundreds of thousands of jobs will be created in AGOA countries to support this apparel trade.

Filling the AGOA Quota

These data below demonstrate that for the first year of AGOA, only about 17% of the fill rate was achieved, with most of the fabric coming through LDC countries from outside of the SSA region. The second year, however, shows that eight months into the quota year, nearly 37% of the quota has been filled with a mostly non-SSA fabric supply. So, for the second year, the quota again may not be filled, leaving trading opportunity on the table for AGOA countries. What is important here is that the LDC status is driving investors to source fabrics from Asia, an advantage that they will have only through September of 2004. At that time, fabrics will have to originate either in the SSA region or the US. Because it may not be cost competitive to ship fabric (and/or yarn) from the US for apparel assembly, there may be a serious shortage of fabrics originating from the SSA region to fill quota. *Therefore, it behooves SSA countries such as Nigeria that have cotton crops and installed textile sectors to ramp up their production capacities of fiber, yarn and finished apparel textiles to help fill this quota opportunity in 2005 and beyond.*

OCTOBER 2000 - SEPTEMBER 2001 APPAREL IMPORTS

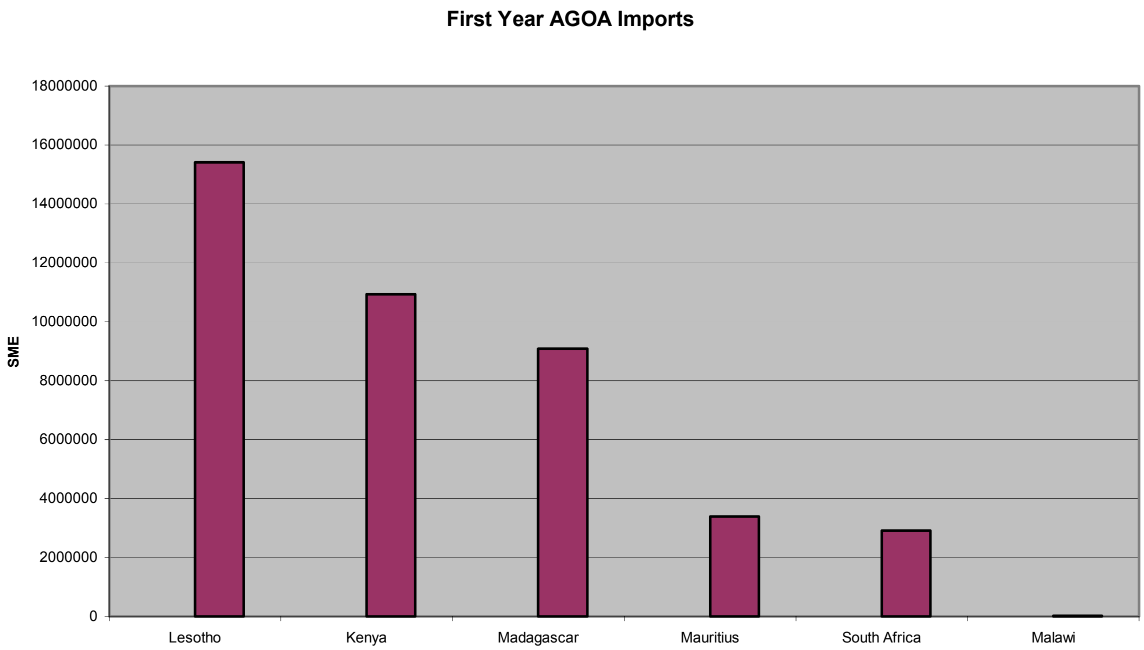
	LEVEL	UNIT	IMPORTS	FILL RATE
AGOA Preference Level	246,500,393	SME	41,769,757	16.95%

9819.11.09 SSA Regional Fabric

TOTAL	6,300,466	2.56%
MAURIT	3,382,260	1.37%
REP SAF	2,918,207	1.18%

9819.11.12 Lesser Developed Countries

TOTAL	35,469,291	14.39%
KENYA	10,938,090	4.44%
LESOTHO	15,418,013	6.25%
MADAGAS	9,094,078	3.69%
MALAWI	19,110	0.01%



OCTOBER 2001 - MAY 2002 IMPORTS (Current Year-to-date)

	LEVEL	UNIT	IMPORTS	FILL RATE
AGOA				
Preference Level	313,303,986	SME	114,136,382	36.43%

9819.11.09 Regional Fabric

TOTAL	16,167,402	5.16%
BOTSWAN	346,925	0.11%
MAURIT	8,882,357	2.84%
REP SAF	6,938,120	2.21%

9819.11.12 Lesser Developed

TOTAL	97,968,980	31.27%
ETHIOP	808,414	0.26%
KENYA	15,367,799	4.91%
LESOTHO	49,471,671	15.79%
MADAGAS	21,515,076	6.87%
MALAWI	1,881,509	0.60%
MOZAMBQ	5,046	0.00%
SWAZLND	8,919,465	2.85%

Source: www.otexa.org

Adding Value
The table below shows the top five African country US exports in apparel for the year ending July, 2001 in both volume and dollar value. Note the last column that demonstrates a relatively interesting measure of value per square meter equivalent. While this measure is crude and does not reflect the details of product variation, it does demonstrate that Mauritius is doing the highest value work and Kenya the lowest.

Top Five African Apparel Export Countries by SME Volume-Year 2001

Country	SME-Millions	USD-Millions	$/SME
Lesotho	51.0	214.8	4.21
South Africa	47.6	175.2	3.68
Mauritius	41.1	238.2	5.80
Madagascar	37.5	178.0	4.75
Kenya	18.5	64.6	3.49

Because quota is defined by product volume, not product value, the practice of *product upgrading* moderates the restrictive effects of quota. Product upgrading allows the real value to rise faster than the physical value, encouraging producers to shift to higher stages of processing. For example, it is not in a country's best interest to develop an apparel sector that is merely assembling simple articles such as tee shirts and fleece items. Higher value added products that involve more extensive sewing, trims, embroidery, screen printing and packaging help producers to achieve more value per unit of quota. The Otexa.org web site offers data on each country's exports to the US with a breakdown by apparel category.

Fill Rate for AGOA Regional Fabric Cap, Year One & To-Date Year Two

Note: Quota period for the AGOA Regional Fabric Cap is October 1 to September 30;

- The chart above graphs the use of the quota for Year 1 (October 1, 2000 to September 30, 2001); and for the first six months of Year 2 (October 1, 2001 to March 30, 2002)
- Year One: includes charges from the following countries: Mauritius, South Africa, Kenya, Lesotho, Madagascar, Malawi
- Year Two: includes charges from the following countries: Botswana, Mauritius, South Africa, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Swaziland

Assumptions for projecting future use through Year 5 (October 1, 2004 to September 30, 2005):

- The overall level of the quota will continue to grow since it is pegged to an increasing percentage of overall U.S. apparel imports
- Additional AGOA countries will begin to use the Regional Fabric Cap, there will be an increasing percentage of the goods charged against the cap that are of regional fabric as AGOA beneficiaries begin to produce regional fabric
- Until September 30, 2004 (i.e. Year 4) the bulk of the regional fabric cap usage will be for "foreign fabrics" used in Lesser Developed Countries (LDCs) – in Year 5 there is likely to be sharp decrease in the quota utilization as all countries will be required to use regionally made fabric.

AGOA Competitors

The top five African apparel exporting countries include Lesotho, Madagascar, Kenya, Mauritius, and South Africa. Note that the leader in volume, Lesotho, is an LDC country (per capita income of less than $1,500 US) having a special provision to use fiber/fabric from anywhere in the world through 2004. Kenya is also an LDC country and is showing growth into the year 2002. South Africa and Mauritius are not LDC countries and can only use fiber/fabrics made in SSA or US. Mauritius has a history of making apparel for the high-end European market. Because the Mauritian apparel sector does very high value-added work, especially in knits and embroidery, wages have escalated and basic production has moved to lower wage areas in Africa.

South Africa is the economic powerhouse of the SSA region with deepwater ports and advanced infrastructure. The countries adjacent to South Africa, namely Botswana, Swaziland, Lesotho, and Namibia participate in the Southern African Customs Union (SACU), which enables them to share in the customs revenue from their trade that passes through South Africa.

Madagascar, the fourth largest African apparel exporter in 2001 is currently suffering severe disruptions in its apparel sector due to the political instability following recent national elections (see Case Study in this report). Apparel trade statistics published in May 2002 show that March shipments are only 45% of January shipments.

Global Competition In Apparel Manufacturing

The table below offers a global perspective on the depth and breadth of US apparel sourcing. While this table covers the year 2001, another set covering the years 1995-2000 appears in the Appendix. Note how much import penetration the Asian regions have earned over the years. Africa has significant opportunity to shift market share from other regions over the next decade.

U.S. Apparel Imports by Region 2001

	January 1, 2001 to December 31, 2001			
	Million SME		Million US Dollars	
Region		**%Share**		**%Share**
WORLD	*16,103.6*	*100.00*	*56,461.9*	*100.00*
ASEAN	2,451.1	15.22	8,593.3	15.22
BIG FOUR	3,139.1	19.49	12,807.1	22.68
CBI	3,570.1	22.17	9,376.5	16.61
CENTRAL AMERICA	2,593.3	16.10	6,704.7	11.87
CENTRAL EUROPE	101.7	0.63	432.1	0.77
EU	168.5	1.05	2,080.0	3.68
MIDEAST	580.5	3.61	1,901.5	3.37
NAFTA	2,571.4	15.97	9,396.3	16.64
SOUTH AMERICA	174.7	1.08	88.3	1.57
SOUTH ASIA	2,201.9	13.67	6,500.1	11.51
SUB SAHARA	218.5	1.36	950.9	1.68

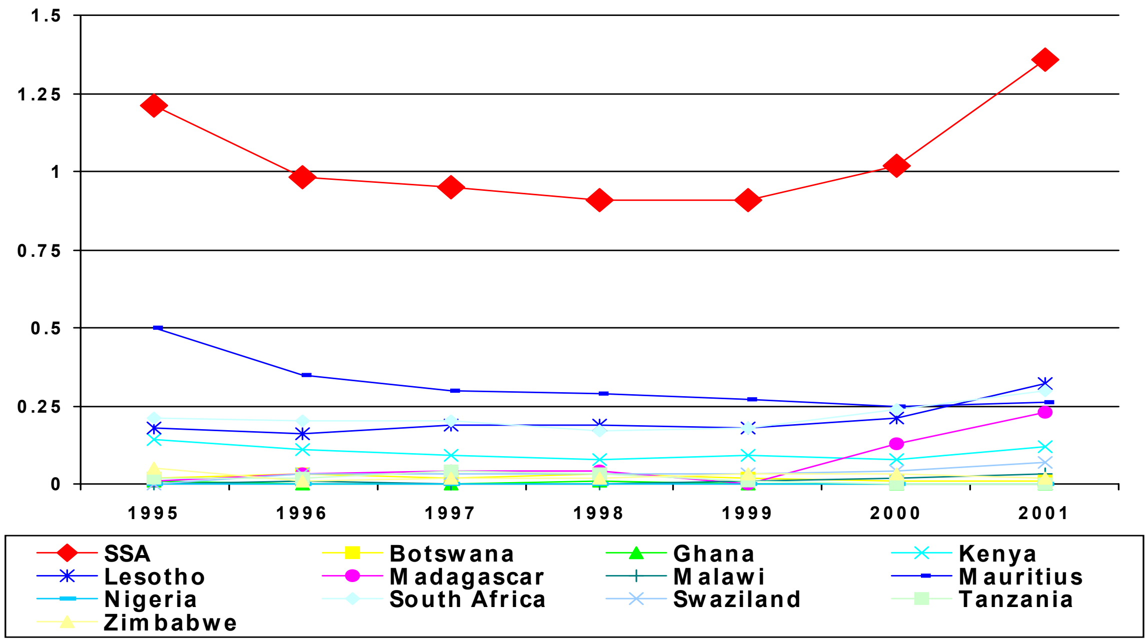
Notes:

- SME = Square Meter Equivalents (standard unit of measure for textile and apparel products)
- Central America = subset of CBI Region
- ASEAN = Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, Vietnam
- Big Four = China, Hong Kong, Korea, Taiwan
- NAFTA = Canada, Mexico
- Sub Sahara = AGOA countries

Source: U.S. General Import Data, U.S. Census Bureau

Percent Share of Total U.S. Imports

Apparel from Sub Sahara Africa



SSA Apparel Exports to the United States, 2001

The table below demonstrates the range and size of apparel trade coming out of Africa in the year 2001. The tables in the Appendix show how apparel imports from the Sub Saharan region have increased overall since 1995. However, shifts have occurred in volumes per country. Mauritius has consistently had the greatest market share from the region, although that share will probably be challenged in the future by an AGOA country that has a textile and cotton base in addition to apparel assembly operations.

U.S. General Imports for Year Ending December 31, 2001

Apparel

Country	Million SME	Percent Share	Million U.S. Dollars	Percent Share
World	*16,103.6*	*100.00*	*56,461.9*	*100.00*
Sub Sahara Africa	**218.5**	**1.36**	**950.9**	**1.68**
Botswana	1.3	0.01	2.4	0.00
Cape Verde	0.6	0.00	1.2	0.00
Central African Republic	0.1	0.00	0.1	0.00
Ethiopia	0.5	0.00	0.4	0.00
Ghana	0.2	0.00	0.2	0.00
Ivory Coast	0.1	0.00	0.0	0.00
Kenya	18.5	0.12	64.6	0.11
Lesotho	51.0	0.32	214.8	0.38
Madagascar	37.5	0.23	178.0	0.32
Malawi	4.4	0.03	11.2	0.02
Mauritius	41.1	0.26	238.2	0.42
Mozambique	0.1	0.00	0.2	0.00
Namibia	0.1	0.00	0.1	0.00
Nigeria	0.1	0.00	0.3	0.00
South Africa	47.6	0.30	175.2	0.31
Swaziland	11.4	0.07	48.0	0.08
Zambia	0.2	0.00	0.2	0.00
Zimbabwe	3.6	0.02	14.3	0.03

Case Study: Textile & Apparel Sector of Madagascar

Why Madagascar?

In identifying a country to examine that has been successful in doing business through the textile and apparel provisions of AGOA, the consultants sought a country which would provide information that Nigeria's apparel manufacturing or assembly industry could use to help them achieve results from AGOA.

In 2001, only five countries took advantage of the AGOA textile and apparel provisions during the first three quarters of 2001 (Kenya, Lesotho, Madagascar, Mauritius and South Africa). However, U.S. textile and apparel imports surged during the final quarter of the year. Three new countries, Ethiopia, Malawi, and Swaziland, began exporting under these provisions during the fourth quarter. Lesotho and Madagascar dominated the AGOA textile and apparel trade during 2001, with combined exports from these countries accounting for 62.3 percent of the total.

In the first quarter of 2002, AGOA textile and apparel imports to the U.S. increased by 17.2% over the fourth quarter of 2001, with Lesotho and Madagascar still holding the lead with combined exports representing 60% of the total. Although the growth trend in Lesotho's textile and apparel exports continued to increase in the first quarter of 2002, Madagascar's exports to the U.S. decreased due to the political unrest caused by the disputed Presidential elections in December 2001, and have remained low through 2002.

Despite the current situation, this report is highlighting Madagascar, up until its current political crisis, for case study purposes because it has been a successful example of a country benefiting from the textile and apparel provisions of AGOA. Since Lesotho is a much smaller, landlocked country, with most of their textile and apparel investments coming from Asian countries, Madagascar was chosen because this country seemed more appropriate to use for Nigeria's textile and apparel industry.

Madagascar Overview

Madagascar was an independent kingdom until it became a French colony in 1886. It regained its independence in 1960 and has since operated a Republic form of government in the French style. In 1993, free presidential elections and National Assembly elections were held ending 17 years of single-party rule.

Madagascar is the world's fourth largest island (about 590,000 square miles), off the south east coast of Africa. It has a population of 15.5 million, one third of which live in the capital, Antananarivo, in the center of the country. It ranks among the poorest countries in the world, with over 70% of the population falling below the baseline poverty level. Average income is US$270/year. Minimum wage is US$30/month, compared to textile worker wages of about US$50/month. Madagascar faces problems of chronic malnutrition and under funding in the areas of health, education and public security. Agriculture is the key sector of the economy, accounting for 30% of the Gross Domestic Product. Exports include coffee, vanilla, cloves, shellfish, sugar, textiles and apparel and petroleum products. Since 1997, the economy started growing faster than the population. In 2000, the economic growth was 4.8% while the population grew by 2.8%, with similar numbers in 2001.

Growth has been held back by anti-government strikes and demonstrations, a decline in world coffee prices and the need to continue economic reforms, particularly in the area of privatization. Although improving, the poor state of Madagascar's roads is an impediment to doing certain types of business, especially those located outside of the major industrial centers. Virtually all of the apparel manufacturers are located in Antananarivo, which is a 12-hour drive from the port. Therefore, the poorly developed road system causes some problems in bringing imported fabrics from the port to manufacturers and finished products from the manufacturers back to the port. Many roads are impassable during the rainy season.

The rail system is also in poor shape. In addition, electricity can be unreliable especially in the rainy season. Telecommunications can be ineffective and costly so communications via cell phone and email seem to be the most reliable.

Factors Leading to Success Using AGOA Textile and Apparel Provisions

Despite the infrastructure challenges, Madagascar has been able to take advantage of AGOA for a number of reasons. Madagascar's appeal to investors stems from its low labor cost, good quality and easily trainable work force, therefore making it an attractive place for investors who are needed to grow a sector like textiles and apparel. In 1992, a vocation-training center was established to train employees of clothing companies to overcome any issues about lack of skilled labor

Textiles and apparel is among the most dynamic sector especially since the implementation of Madagascar's free-zone legislation enacted in 1991. This legislation contains exceptional tax breaks for investing in the country. It applies to export activities and offers exemption from taxes on imports required in the processing activities, despite the location of the company.

The free zone system applies to the manufacturing and processing industries. This system has been a major success in attracting investors to the textiles and clothing sector (spinning, weaving, hosiery, baby clothes, knitwear, embroidery, ready-made garments, jeans). This sector is the leading free-zone sector with exports to countries in Europe, the United States along with Mauritius and South Africa. Since 1999, over 50% of the total exports of Madagascar are represented by the textile and apparel sector.

Structure of Madagascar's Textile and Apparel Industry

The industry is composed of a large number of small, medium and large sized companies and a large number of micro enterprises and artisan companies. Although the exact number is unknown, according to GEFP (Groupement des Entreprises Franches et Partenaires), an association of free trade zone companies, the number of textile and apparel companies in the free trade zone is about 150. It has been estimated that the export processing zone apparel sector employs between 80,000 and 100,000 people. The textile and apparel sector is composed of two main sub sectors:

- Textile manufacturing and,
- Clothing and knitwear manufacturing.

Cotton production in Madagascar totals about 148,000 bales per year. About 85% of production is organized through the largely state-operated company Haysema (38% owned by a French cotton company; remaining 62% owned by the government). In addition to the cotton produced under Haysema supervision, the Cotona Group produces about 24,000 bales of cotton for its own spinning mill. 80% of Cotona production is Acala cotton and 20% is pima cotton (developed in cooperation with an Israeli company)

Textile Manufacturing

The textile manufacturing sub sector is composed of spinning, finishing of yarn, knitting and weaving activities. Weaving includes the manufacturing of cotton, silk and synthetic fabrics. There is a main spinning mill in Madagascar, Cotona (La Contonnaire d'Antsirabe), located in Antsirabe. Cotona is vertically integrated from cotton production to apparel manufacturing. With two mill locations, Cotona produces a total of about 7,700 million tons of yarn per year and more than 20 million meters of woven fabric in addition to its yarn-dyed weaving facilities in Mauritius. It supplies fabrics to many of the apparel manufacturers in Madagascar and to its own apparel manufacturing concerns. The company made a deliberate turn in the 90's, switching aggressively from the domestic market to an export led strategy, focusing on exports through the Madagascar and Mauritius free trade zones. Apart from supplies from

Cotona, apparel manufacturers must import yarns and fabrics for their production. Primary suppliers include Taiwan, Hong Kong, Korea, Mauritius and Europe.

The first cotton textile mill “Societe cotonniere de Madagascar” producing mainly cotton fabric, was established in Antsirabe in 1951. The company now exists under the company name “COTONA TEXTILE” which is under the SOCOTA Group, out of Mauritius. Other textile manufacturers closed due to non-competitiveness from abundant imported fabrics and second hand clothing sold in the domestic market at a lower price.

Apparel Manufacturing
The apparel manufacturing industry in Madagascar is growing rapidly. Many of the initial investors were French developers of smaller, high quality apparel companies. The Malagasy apparel sector has also benefited from its geographical proximity to Mauritius and successive waves of Asian and Middle Eastern investors. Over time, labor became expensive in Mauritius with salaries being about 5-6 times those of the workers in Madagascar (about $200-$300/month). Many of the companies moved some of their operations to Madagascar to take advantage of the low labor costs and trainable workforce. For example, in 1989, Floreal, the largest textile maker in Mauritius, started shifting labor-intensive parts of its business to continental Africa, first manufacturing knitwear in Madagascar. Some examples of companies in Madagascar associated with the CIEL Group include Floreal, Aquarelle Bottoms (bottoms, trousers), Aquarelle Shirts (shirts), Ferney Fine Knits (12 gauge sweaters), and Tropic 1 (t-shirts, polos, knit tops). As the largest apparel employer in Madagascar, the CIEL Group has a workforce of over 12,000 people.

The production of the companies in the Export Processing Zone is estimated at about 50 million pieces of woven apparel (trousers and shirts), and 70 million pieces of knitted apparel (t-shirts, knitwear and sweaters). Their customers range from mass merchants to specialty retailers and brands. Key product categories include jeans and woven bottoms, t-shirts and polos, 12 gauge sweaters, knit lingerie, woven shirts and children’s wear.

With its large knit-to-shape industry, it is problematic that these products are not presently defined in the AGOA rules. Although it was initially intended for these products to be covered, U.S. Customs did not grant preferential treatment. Legislation is currently pending to provide a technical correction to this problem.

The Crystal Group, based in Hong Kong, employs about 2,000 people in a sweater plant and 8,000 others in cut and sew operations. In addition to attracting Asian investors from Mauritius, the opportunities resulting from the AGOA legislation have attracted investors from the United States. About half of Madagascar’s apparel production is exported to the US. The Gap Group accounts for about 27% of all Malagasy production. Other major customers include Liz Claiborne, Mast Industries, Banana Republic, Costco, Eddie Bauer, and Russell. The model for the U.S. companies has been to order from existing factories as opposed to building production facilities.

In interviews with U.S. apparel company executives, they emphasized that a key strategic advantage in working in Madagascar is the labor force. The workforce has a reputation for being talented, trainable, honest and dependable. The products have been high quality and there has not been a problem with theft of finished goods. Although the road structure is very poor, the employees would find a way to deliver the goods on time, even if it meant pushing a truck out of the dirt.

Because apparel exports to Europe have been duty and quota free for many years through the Lomé Convention, European business has been well established. Customers include the UK-based Burton’s, George Clothing, Tesco, Debenhams, Next, and Principles. French companies such as Chanel, Printemps, and Christian Dior represent about half of the European exports, with the balance going to a range of customers in Germany, Sweden, and The Netherlands.

In examining the effects of AGOA on Madagascar's economy, it should be noted that U.S. imports of textiles and apparel from Madagascar grew from $22 million in 1998 to $178 million in 2001, an increase of 800% in four years. AGOA generated about 30,000 new jobs. Altogether, Madagascar has experienced a 10 percent rise in employment since AGOA's inception, generating valuable tax revenues.

Current Situation

Although Madagascar has been successful in utilizing the AGOA provisions for textile and apparel, the current political situation caused a general strike, which delayed apparel production, leading to delays in deliveries. Strife and uncertainty have continued. Recent reports from US firms indicate that bridges have been destroyed, containers are being held in the port and raw material shipments have been interrupted, so they are being forced to shift production to South Africa or other countries in the region. All of the factories have been closed. The unrest at the port has been a big problem, with the shortage of fuel adding to the difficulty in transportation between the port and the plants. This unrest and lack of assurance with deliveries has damaged Madagascar's reputation in the global textile and apparel industry.

AGOA eligibility is dependent on various criteria, including human rights records and good governance. The U.S. Government maintains an option of withdrawing trade preferences under AGOA. The loss of preference would lead to a mass exodus by foreign buyers, including apparel exporters. Mauritian apparel companies are already repatriating production to their domestic plants, needing about 4,000 employees at home to urgently manufacture ordered apparel.

An informant for this case study represents a Mauritian firm that has been heavily involved in apparel manufacturing in Madagascar for four years. He reported that his company decided to invest in Madagascar because employment was full in Mauritius and the government in Madagascar offered a free zone regime and reimbursement of the VAT, which was 20%. However, their experiences in Madagascar were frustrating due to poor infrastructure and few local industries to service the growing apparel industry. His worst complaints about operating in Madagascar were the presence of corruption at every level and the "mentality" of the people that feel they do not need foreign investment. This informant does not see any resolution to the current political disruption in the near future.

On June 11, 2002, Novel Denim, the Hong Kong-based textile supplier operating in Madagascar announced that it was pulling its raw materials and apparel manufacturing equipment out of the country due to the difficult environment. The company is involved in negotiations to re-deploy its operations in Mauritius and South Africa. The CEO said that they experienced a fourth quarter net loss mostly due to the costs of shutting down their Madagascar operations.

Lessons for Nigeria

One of the lessons that Nigeria should learn from this example is that a successful business climate can shift quickly if there is political instability. Apparel sourcing executives seek to reduce risk and assure their customers of uninterrupted supplies. When the security of employees, materials, payrolls, and production is threatened, sourcing will be shifted to other countries and an unstable area will be avoided in the future. It is crucial that the government provide the right climate for business development. In addition, strong leadership at an industrial association level is important when political instability occurs.

Madagascar's experience demonstrates that adequate capitalization of the apparel sector is important and that capital may come in waves over time as confidence is built with investors and contracting customers. While necessary infrastructure (container ports, roads, utilities, airports, etc.) is expensive, it's value in job creation and improved levels of living benefits the society in the long-term. Large multinational firms lift a domestic industry onto a professional level. As an apparel manufacturing cluster develops, many other higher-value jobs are created in transportation, logistics, information technology, support services, banking, travel, education and raw materials. A country's ability to attract large multinational firms is a key competitive challenge. Given sufficient infrastructure, low cost labor, favorable exchange rates, and free trade zone incentives, the AGOA apparel opportunities for SSA countries are profound.

Another lesson from this case study is that the Malagasy sector thrived with US sourcing despite the French language barrier. Nigeria has a strong competitive advantage over many other countries in its English-speaking business and British-based legal structure.

Another Example: Lesotho

In looking at another successful country, Lesotho led the AGOA textile and apparel exports to the United States in 2001. Lesotho is much smaller both in geography and population (2.2 million) and it is land-locked. While Madagascar's growth was due in a large part to regional expansion of companies from Mauritius into Madagascar to take advantage of their lower wages, Lesotho attracted Asian investors, mainly from Taiwan and Singapore, because of AGOA and governmental incentives. In addition, these Asian investors wanted to take advantage of the low wages in Lesotho (US $80-100). About 10,000 jobs were created since AGOA, with additional foreign investment of US$120 million – four times the amount of its annual foreign aid.

Lesotho does not have spinning, weaving, knitting or dyeing and finishing plants of any significance. As of January 2002, there were 23 apparel manufacturing companies, 10 focusing on the production of jeans and trousers and 13 concentrating on making T-shirts and knitted sportswear. The three dominant jeans companies are C & Y, CGM Garments and United Clothing.

Lesotho offers a reduced corporate tax of 15% and grants a full rebate on imports of textiles used for exports. The country must invest in textile production, as the use of Asian materials will no longer be allowed under the AGOA provisions after 2004.

Case Study Sources:

Cotton Board/Cotton Incorporated

Study on Madagascar's Textile and Clothing Industry conducted by the Ministry of Commerce and Consumption Department of External Trade & Production, Madagascar, November 2001

Office of the United States Trade Representative

U.S. International Trade Commission

Personal interviews with apparel industry executives

Nigerian Textile & Apparel Industries: Overview

Structure of the Textile Industry

The textile sector primarily manufacturers African cotton wax print cloth from Nigerian grown cotton. The team visited the largest firms in three regions: Kano, Kaduna, and Lagos. All 12 firms in this survey were vertically integrated from the gin forward, with the exception of one large firm that reported to own 5,000 hectares of cotton ground. The team met with the general manager or the most senior officials, looked at products, and toured manufacturing operations. Interviews followed a loose structure covering the following topics:

- Equity history
- Investment value
- Facilities and equipment
- Sales
- Business Plan
- Export experience
- Government issues
- Infrastructure
- Credit issues

Some facilities were very well capitalized with state-of-the-art European equipment, including computer-aided design (CAD). Equity ownership and management varied from 100% Nigerian owned and managed to 100% foreign-owned and managed. Several of the larger firms were owned and managed by investors from India and China.

Informants at every textile company were aware of AGOA, but their levels of knowledge about how they could participate in a US export business varied. None of the informants were aware that their companies could have been selling apparel quality greige goods (both yarn and fabric) into AGOA certified countries that can source fabric from anywhere in the world (Mauritius and South Africa must use US or SSA fabric). However, it is possible that only one or two of the largest textile manufacturers that are owned by international conglomerates have the means to export to such countries at this time. Communications and transportation across the African continent remain difficult, as legal trade routes are not well established. The most likely scenario for Nigerian textile companies to service raw materials into Eastern African apparel assembly countries would be through shipping ports.

Nigerian cotton is medium staple and grown by local farmers in 2-3 hectare plots. Textile companies have agents in the fields buying cotton for their own ginning, spinning, and weaving operations. Markets are mainly domestic, with several companies serving markets in the ECOWAS countries (Economic Community of West African States that comprises a block of 15 countries with French and British colonial histories). Across companies, there is little product differentiation. Several plants had calendaring equipment to coat the fabric with a glaze that offers a sheen and sturdier hand. Traditional prints and color ways are the same in most companies. The background colors are often black or very dark and traditional motifs quite large for the scale of the fabric width. Because the prints are genuine wax process, there is variation across yardage, making it impossible to lay up fabric with identical match for mass apparel cutting operations. After fabric is woven and finished, it is cut into 6 or 12-yard sections and labeled or cellophane wrapped for the markets. Some companies have wholesale distributors; others sell directly in local markets. The fabric is purchased and either sewn at home or taken to a tailor in the local market who then sews a custom apparel item. Women have particularly stylish designs with baby wraps and headscarves in matching fabrics.

Very little of this fabric in these types of prints would be appropriate in the US apparel markets. The yarn itself and greige fabric or fabric printed with different colors and motifs would have some applications in both apparel and household textiles (such as tablecloths, curtains, placemats, etc). However, such domestic textile applications are outside of the scope of AGOA and this study. Nevertheless, the facilities, labor force and most of the installed capacity could accommodate different fabrications. A future Nigerian apparel industry would eventually require twills, shirtings, denims, and knits, according to what types of product lines are established. Several of the conglomerate textile firms are already manufacturing appropriate products, while others would be able to capitalize such changes in product lines. Those who have suffered in recent years may continue to service local markets with the same wax print products. The largest firm, with headquarters located in Lagos, is already selling high-end suiting and shirting fabrics into the European market. This company is eager to export through the AGOA channel—fabrics to AGOA apparel assembly countries immediately, or development of its own Nigerian apparel capacity. Another larger company is ready with land and capital to build an apparel manufacturing facility as soon as the Nigerian AGOA visa is in place and they are assured of sales and export channels. Overall, there is a great deal of uncertainty in the minds of textile executives about the mechanisms of exporting to the US through AGOA.

The textile sector has suffered significant stagnation in the past few years. Within the difficult macroeconomic context of Nigeria, firms reported numerous issues related to their business operating environment such as a severe drop in domestic demand, higher production costs due to energy, exchange rates and raw material acquisition, political uncertainty, tax regimes, infrastructure weaknesses, and the steep cost of working capital. The textile workers union has lost thousands of members in recent years. Under their current conditions, it would be impossible for these firms to compete globally if they are paying import duties on equipment, parts and raw materials, and financing orders at interest rates that run above 25%. Most firms are running at less than 50% capacity and are concerned for their future viability. Despite state-of-the-art facilities and equipment, lighting in many of the plants was poor due to the cost and availability of electricity. Water availability was a major concern for dyeing and finishing operations. Few have any sophistication in marketing or product development beyond African wax print cloth. However, the larger firms have completed the ISO 9002 series of quality designations, which is impressive.

Complaints mirrored the findings of the *Nigeria Firm Survey* of manufacturing industries conducted by The World Bank (2001). In that study, 1,853 firms from nine broad sectors were studied, including 352 in the textile industry representing employment of over 57,000 people. Firms reported numerous difficulties in their operations, including loss of capacity, exchange rates, energy and infrastructure issues, taxes, corruption, and uncertainty. The data also suggest that Nigeria may have a higher ratio of wage to labor productivity, a concern that textile managers in this AGOA survey expressed.

Highlights of Specific Nigerian Textile Companies

Several textile manufacturers could do very well with AGOA considering their abilities to capitalize new operations and market themselves in an international arena. Textile manufacturing is concentrated in three geographic areas of Nigeria: Lagos, Kano, and Kaduna. The following profiles are examples of companies the team visited in the three regions.

Afprint of Lagos is one of the largest textile groups in Nigeria. As a member of a multinational conglomerate, Afprint has sister companies in the Philippines, Indonesia, Sri Lanka and related businesses in 25 other countries. The managing director said that he would be willing to move their apparel manufacturing business from Hong Kong to a Nigerian EPZ as soon as the visa is in place. They would need some technical expertise and contacts in the US market. This informant participated in a delegation with other textile manufacturers who visited South Africa regarding AGOA opportunities. The company is the largest manufacturer of African prints, but also exports yarn and greige cloth to Europe.

Bhojsons Industries of Lagos manufactures cotton and polyester yarns and fabrics. With 152 looms and 113 jets up to 153cm widths, they are able to manufacture mattress covers and are exporting cotton sheetings to Europe. While their capacity is 2 million meters per month, they are now running at 1.5

million meters in the last 3 months. Two sister companies do knitting and embroidery. Because their fabrics are used for military uniforms, they would be an excellent candidate for AGOA export.

The **Churchgate Group** of Lagos is a large industrial conglomerate with eight textile related companies including state-of-the-art cotton and polyester spinning and weaving, textile supplies and an export business. They supply men's suitings and shirtings to the European markets in a wide range of weaves, weights, blends and yarn counts. Sister companies are involved in chemicals and dyes, research and development, and textile finishing. This company is very serious about export opportunities with AGOA.

United Nigerian Textiles of Kaduna employs about 20,000 people in its cotton African print operations. This company now exports to ECOWAS countries used to export to the US and Hong Kong and is interested in servicing the AGOA markets. Like the other large operations, this manufacturer has modern equipment and facilities, quality certifications, and professional management, but has suffered from eroding margins in the domestic markets.

African Textile Manufacturing, Ltd. in Kano is a four-year-old manufacturer of African printed cotton with about 2,000 employees. They are exporting to ECOWAS countries now and are highly interested in AGOA export opportunities. Production costs are globally competitive, with operations running 24 hours per day and a capacity of 100,000m/day. This company also has a high level of interest in AGOA opportunities and would welcome guidance on selling fabrics to apparel manufacturers.

Structure of Nigerian Apparel Industry

Nigeria's apparel production sector is comprised primarily of a cottage industry of small or individual tailoring operations scattered throughout the country's informal sector markets. There is only one apparel facility in the Export Processing Zone in Calabar that reportedly adds value to tee shirts by packaging them. This is known locally as a "packet shirt" operation. The team interviewed an apparel manufacturing owner who participated in a US AGOA tour to Washington and New York with representatives of other African countries. This woman owned a company with 25 sewing machines and receives episodic contracts to produce uniforms. Her business has suffered in the past few years and she looks forward to establishing another larger operation in a FTZ structure for AGOA export. The team also visited an apparel operation in the north that had knitting equipment and a mostly stagnant sewing and screen-printing operation. While the sewing machines and quality levels of the output were inadequate for US export, the knowledge level of the management was impressive. If this operation had EPZ status, quality expertise, and better capitalization, it could participate in US export apparel business.

The largest textile manufacturer reported that one company in Lagos did attempt an apparel manufacturing operation in the past few years and failed because of high costs and inadequate local markets. All of the textile manufacturers believe that they need government protection for their sector and the clothing sector because of flooding and dumping by "cheap Asian imports." Smuggling of textile and apparel products into Nigeria was a frequent complaint by textile executives.

The inadequate Nigerian apparel manufacturing sector is not a significant disadvantage in AGOA participation. If foreign and Nigerian investors have EPZ status and an effective mechanism to manufacture and move goods out of Nigeria, they will be able to attract adequate labor and develop a viable assembly business. However, difficulties with infrastructure, cost of capital, and shipping constraints will have to be overcome. Nigeria has stumbled with its AGOA legislation and visa application. The bill regarding transshipment is stalled in the National Assembly. Reportedly, the visa application for US Customs is not properly completed. There is time remaining to make up for this delay and get investment moving.

A promising element of the current cottage industry in apparel is the widespread skill and knowledge of local tailors. This knowledge base may contribute to the Nigerian apparel sector developing at the higher value added end of products. Some newly developed apparel sectors in other countries have focused on basic goods such as underwear, fleece, and simple knits because they have only unskilled and uneducated labor. This strategy does not serve them well in the future because they are wasting container space and quota with low value added work. A strategy of product upgrading early on in the development of the Nigerian sewing industry would be both ideal and achievable. Products that require tailoring and linings such as outerwear and suitings receive higher margins at retail and require more skill, especially in setting sleeves and topstitching operations

AGOA Implications for Nigeria: SWOT Analysis

Strengths

1. Installed textile manufacturing base and materials cluster with world-class potential to service AGOA quota
2. Cotton producer—medium staple adequate for many apparel applications
3. EPZ capability with legal provisions for soft working capital and subsidized utility infrastructure
4. Ample labor at competitive rates
5. More favorable port location in comparison to Mauritius, Madagascar, South Africa, etc—import economy with huge backhaul availability at competitive cost saving 2-8 days shipping times over Eastern African ports
6. History of FDI from Asia and India
7. Large rural population—apparel manufacturing plants can do well competitively if they are located a significant distance from large cities. This type of industry can help stem rural to urban migration and provide supplementary income to farm families.

Weaknesses

1. Infrastructure services issues (proactive manufacturing/government partnerships are necessary)
2. Uncertain regulatory/political environment (proper EPZ mechanism can streamline these solutions)
3. High interest rates and collateralization for working capital (large outside investors can work around this, while Nigerians will need subsidy)
4. Poor exchange rates and cash-based economy (bankers need guidance)
5. Low labor productivity (this can be overcome with professional management)
6. No incentive-based payroll tradition (piece-rate incentive schemes are most productive in apparel assembly and foster high and happiest employment)
7. Lack of experience in global marketing and banking (FDI brings expertise and capital)
8. Security and reputation issues (Nigeria needs to promote itself better)

Opportunities

1. Current non-LDC countries must use SSA or US yarn/fabric. Current opportunity for Nigerian textile manufacturers to sell into all LDC countries except Mauritius and South Africa
2. After 2004, AGOA requires US or SSA yarn/fabric for all countries. Huge opportunity for Nigerian textile sector
3. Quota increases annually along with import volume base. AGOA may be extended beyond 2008, making large apparel assembly investment much less risky. After 2008, if WTO rules remain liberalized, low cost producers will have highest US market share. African countries may remain world's most cost effective apparel producers if electronics and biotech sectors pose wage competition in Asia and Central America.

Threats

1. Penetration of apparel assembly significant in other AGOA countries competing for quota.
2. Uncertainty regarding WTO in 2005 and extension of AGOA in 2008.

Conclusions

Nigeria has tremendous potential to benefit from the apparel provisions of AGOA. Depending on how quickly the government and private investors can mobilize production capacity, within five years, there could be tens of thousands of sewing jobs in several free trade areas throughout the country and significantly larger employment in the textile and raw materials sectors. Farming communities would also benefit, as would some industries related to the further mechanization of cotton farming. Other beneficiaries would include the construction industry, as well as industries related to development of infrastructure, service-based industries related to travel, software, banking, consulting, and transportation. Within a decade, the African apparel manufacturing sector will be well established and has the potential of taking significant market share from the current Asian leaders. Hundreds of thousands of apparel manufacturing related jobs will be created in Africa by the AGOA legislation requiring billions of dollars in investment. It is up to Nigeria to decide how many of those jobs it wants. At this time, it is crucial for government leaders to take a proactive stand for the benefit of the country.

One need only do a “before and after” analysis of Central American economies such as Honduras to understand the magnitude of impact a vital sewing industry can have on a country. As a direct result of special trade legislation the US offered that region in the form of access to US apparel markets, hundreds of thousands of jobs were created in Central America. Following those jobs were support services, hotels, restaurants, airlines, retailers, housing, and a general improvement in income, living standards and education. It will not be smooth and easy for Nigeria to achieve a world-class manufacturing sector. Where there is a lot of money and many constituencies involved, there will be conflict. But no progress can be made without conflict.

Assuming that the National Assembly passes appropriate legislation and the subsequent visa application is accepted by US Customs designating Nigeria as a recipient country for the textile and apparel benefits, a great deal of leadership will be necessary to coordinate investment and get a new apparel manufacturing sector established. Nigeria is in a unique position in comparison to other countries that are just starting export apparel manufacturing in that it already has a capable textile industry and a materials cluster to serve it. In addition, the cotton growing capacity of the country will be an important competitive element in years to come, also benefiting the rural population.

Even though apparel manufacturing is less capital intensive than textile manufacturing, it is naïve to think that the Nigerian cottage industry of independent sewers will “develop” into a large manufacturing cluster. There is not the capital nor expertise among them to do so. However, some entrepreneurs and companies that make uniforms using mass production techniques may be able to find financing and join the ranks of the new industry competitors. The vision for Nigeria depends on a well-coordinated effort to attract foreign and local investment as well as apparel manufacturing expertise to create a world-class sector serviced by a competent raw materials cluster. The Government of Nigeria must support such a vision and create easy access for investors to be on the same competitive playing field as other AGOA countries.

Nigeria has all of the necessary competitive elements for a successful apparel manufacturing industry, including impressive installed cotton and polyester manufacturing base and a cotton growing business. Many individuals at the Ministry of Commerce and the major textile companies are motivated to see export apparel manufacturing develop. Numerous executives and politicians have visited Nigeria since

September of 2000, all intending to see an AGOA success story happen. What is needed now is strong leadership for a coordinated effort among all parties, both public and private.

General Recommendations

1. Proactively attract foreign investment and expertise

Because Nigeria has a tradition of FDI from Asia and India, attracting investment from current multinational companies located in the Nigerian textile business should not be difficult. There is a high degree of interest in AGOA among the larger textile companies in Nigeria, some of which have capital to channel into apparel facilities immediately. Asian, Indian, and Middle Eastern investors are pursuing opportunities in other AGOA countries and will also investigate Nigeria when the visa is approved. Particular attention should be paid to investors who are now pulling out of Madagascar or are seeking LDC country production as a competitive strategy. Interviews with executives experienced in Madagascar and other regions of SSA demonstrate that Nigeria can facilitate investment by hosting apparel sourcing trade shows, assuring smooth, safe, and economical travel for US personnel, and offering investors aggressive incentives. Despite over 300,000 apparel production facilities in over 100 exporting countries around the world, North American executives are always looking for new competitive opportunities. Sourcing executives say they find little value in bringing Nigerian apparel producers to the US. However, there is value in producers seeing the sophistication and requirements of the apparel industries in neighboring AGOA countries

2. Establish a strategy for product upgrading and quota utilization

US apparel buyers will range from brand marketers to manufacturers and retailers. While some buyers will facilitate pre-production work of design and product development, others will demand full package capabilities. For those companies that move their sewing operations from Hong Kong or Sri Lanka, the full package requirements will not be difficult. Nigerian apparel companies that have been in the uniform business may have a full package learning curve that will be more challenging. As investors establish manufacturing operations in Nigeria, they will form an association and create some kind of coordinated voice. Working from a plan will benefit the industry in the long run and make the sector more attractive to subsequent waves of investment.

3. Establish a strategy to benefit the textile industry

After 2004, the provisions for using yarn and fabric outside of Sub-Saharan Africa will end for lesser-developed countries. Therefore, Nigeria will need adequate access to yarn and fabric either from the U.S. or Sub-Saharan Africa. Due to the current Caribbean Basin Initiative (CBI) Parity legislation, it is not likely to be economically feasible to cut fabric in the US, ship cut parts to Nigeria for assembly, and ship finished products back to the US. This is the model that has been successful in the Caribbean Basin, where geographic proximity was the primary advantage. While the US textile sector has achieved economies of scale in certain fabric categories allowing for cost effectiveness, it would be ideal for Nigeria to further develop its own cotton, woven and knitted fabric and trim capabilities for exported sewn products in all AGOA countries. Some currently manufactured textiles are appropriate for pocketing and linings. Nigerian textile companies should investigate the products that are on the NAFTA Short Supply list, such as linens, silks, and cotton shirtings. The textile sector has an association that can facilitate education and planning to help its membership develop in their best export interests.

4. Develop a strategy to increase and improve cotton-growing capacity

Cotton is crucial to the equation. Long-term, Africa’s cotton supply will be the competitive edge that Asia may lose in US apparel markets. Nigeria is in a unique position with a current cotton capacity and plenty of land and people to ramp up production. However, it requires a strategy for mechanization and better coordination of the crop at the farm level.

5. Establish world-class workplace standards

Workplace standards are very important to US apparel buyers. The trade unions, industry watchdogs, and the media will be paying attention to what conditions are in place in AGOA factories. The Worldwide Responsible Apparel Production organization provides certification to plants and is a standard that has been endorsed by many international and national apparel organizations. However, large companies, such as JC Penny and Nike have their own standards and expect contractors to meet them.

6. Address infrastructure issues as a priority

Throughout Nigeria, manufacturers are suffering from the effects of infrastructure failures. Electricity, petroleum products, water, and telephone/internet utilities are crucial to the development of a competent manufacturing base. These services are fundamental and must be assured at a reasonable cost. It should be a priority for the government to insure than EPZs have uninterrupted power, water, and telephone, as well as functioning roads and smooth port facilities.

Appendix

List of Acronyms Used

AGOA	African Growth and Opportunity Act
CAD	Computer Aided Design
CEO	Chief Executive Officer
CMT	Cut Make Trim
ECOWAS	Economic Community of West African States
EPZ	Export Processing Zone
FTZ	Free Trade Zone
FDI	Foreign Direct Investment
LDC	Lesser Developed Country
MFA	Multi-Fiber Arrangement
NAFTA	North American Free Trade Agreement
NEPAD	New Partnership for Africa's Development
SACU	Southern African Customs Union
SME	Square Meter Equivalent
SSA	Sub Saharan Africa
TPL	Tariff Preference Level
US	United States
USAID	United States Agency for International Development
USD	US Dollars
WTO	World Trade Organization

Selected U.S. General Import Data for U.S. Apparel Imports from Sub Saharan Africa

Source: U.S. General Import Data, U.S. Census Bureau

U.S. Apparel Imports by Region 1995 to 2001

Notes:

- SME = Square Meter Equivalents (standard unit of measure for textile and apparel products)
- Central America = subset of CBI Region
- ASEAN = Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, Vietnam
- Big Four = China, Hong Kong, Korea, Taiwan
- NAFTA = Canada, Mexico
- Sub Sahara = AGOA countries

January 1, 1995 to December 31, 1995				
	Million SME		Million US Dollars	
Region		**%Share**		**%Share**
WORLD	*9,254.9*	*100.00*	*34,648.6*	*100.00*
ASEAN	1,276.0	13.79	4,984.7	14.39
BIG FOUR	2,624.2	28.35	11,378.5	32.84
CBI	2,009.8	21.72	5,432.6	15.68
CENTRAL AMERICA	1,090.4	11.78	3,057.5	8.82
CENTRAL EUROPE	57.2	0.62	279.5	0.81
EU	120.9	1.31	1,563.7	4.51
MIDEAST	313.9	3.39	1,029.4	2.97
NAFTA	897.2	9.69	3,335.9	9.63
SOUTH AMERICA	135.7	1.47	666.8	1.9
SOUTH ASIA	1,249.6	13.50	3,724.5	10.75
SUB SAHARA	112.2	1.21	389.2	1.12

January 1, 1996 to December 31, 1996				
	Million SME		Million US Dollars	
Region		**%Share**		**%Share**
WORLD	*9,658.5*	*100.00*	*36,388.8*	*100.00*
ASEAN	1,268.2	13.13	5,021.4	13.80
BIG FOUR	2,482.7	25.70	10,984.3	30.19
CBI	2,259.4	23.39	6,009.4	16.51
CENTRAL AMERICA	1,337.7	13.85	3,625.0	9.96
CENTRAL EUROPE	52.8	0.55	295.7	0.81
EU	122.5	1.27	1,742.0	4.79
MIDEAST	303.7	3.14	1,048.1	2.88
NAFTA	1,239.0	12.83	4,507.5	12.39
SOUTH AMERICA	110.3	1.14	604.9	1.7
SOUTH ASIA	1,314.0	13.60	3,968.8	10.91
SUB SAHARA	94.6	0.98	360.8	0.99

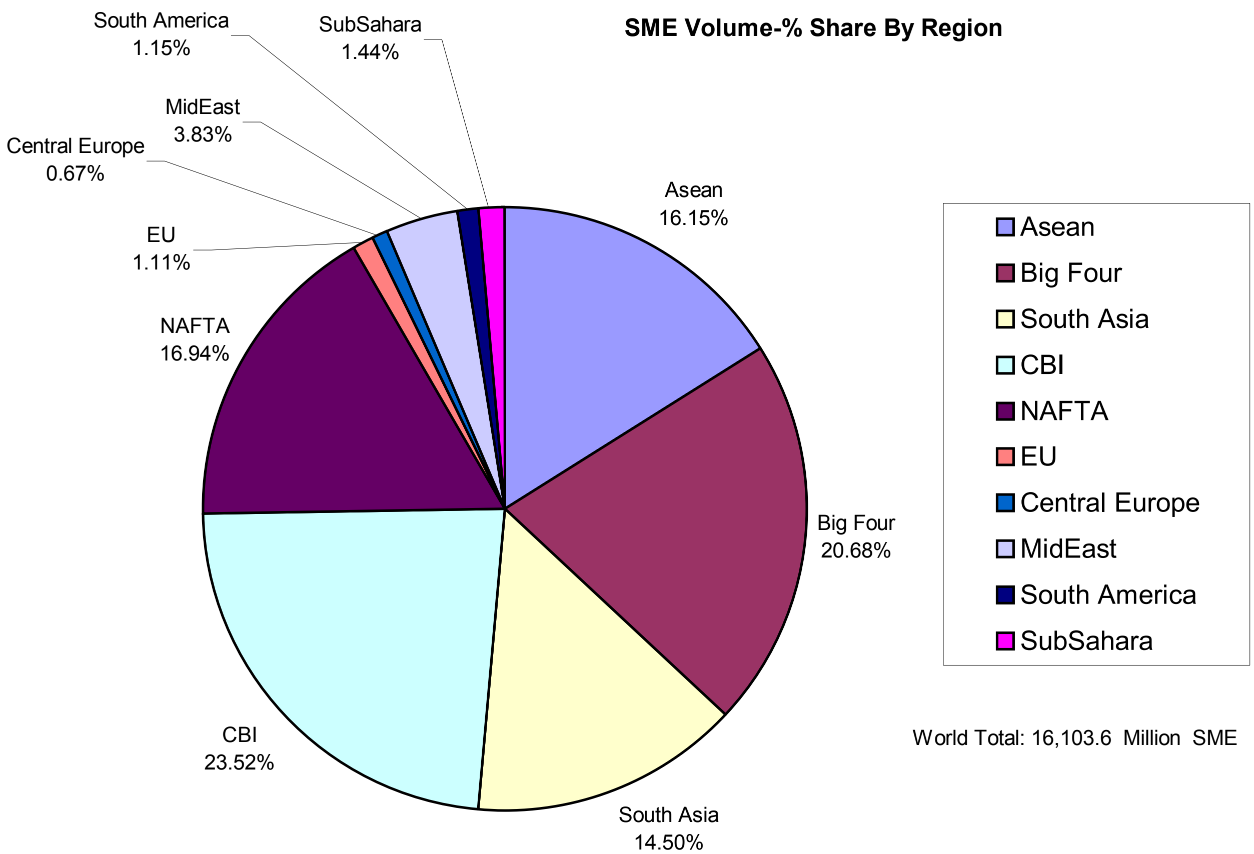
January 1, 1997 to December 31, 1997				
	Million SME		Million US Dollars	
Region		%Share		%Share
WORLD	*11,349.1*	*100.00*	*42,826.9*	*100.00*
ASEAN	1,340.6	11.81	5,446.3	12.72
BIG FOUR	2,593.9	22.86	12,011.4	28.05
CBI	2,842.7	25.05	7,584.5	17.71
CENTRAL AMERICA	1,763.3	15.54	4,729.6	11.04
CENTRAL EUROPE	61.8	0.54	328.7	0.77
EU	144.1	1.27	1,846.6	4.31
MIDEAST	284.9	2.51	922.8	2.15
NAFTA	1,741.2	15.34	6,254.6	14.60
SOUTH AMERICA	133.8	1.18	644.4	1.5
SOUTH ASIA	1,533.9	13.52	4,701.3	10.98
SUB SAHARA	108.0	0.95	430.0	1.00

January 1, 1998 to December 31, 1998				
	Million SME		Million US Dollars	
Region		%Share		%Share
WORLD	*12,885.5*	*100.00*	*48,175.2*	*100.00*
ASEAN	1,646.9	12.78	6,496.3	13.48
BIG FOUR	2,853.4	22.14	12,746.4	26.46
CBI	3,065.7	23.79	8,270.4	17.17
CENTRAL AMERICA	1,939.6	15.05	5,260.4	10.92
CENTRAL EUROPE	77.4	0.60	402.7	0.84
EU	130.5	1.01	2,018.2	4.19
MIDEAST	338.3	2.63	1,105.8	2.30
NAFTA	2217.4	17.21	7,914.5	16.43
SOUTH AMERICA	136.4	1.06	673.2	1.4
SOUTH ASIA	1,693.2	13.14	5,225.9	10.85
SUB SAHARA	117.1	0.91	523.8	1.09

January 1, 1999 to December 31, 1999				
	Million SME		Million US Dollars	
Region		**%Share**		**%Share**
WORLD	*14,103.6*	*100.00*	*50,796.4*	*100.00*
ASEAN	1,863.7	13.21	6,988.7	13.76
BIG FOUR	2,926.2	20.75	12,702.6	25.01
CBI	3,416.1	24.22	8,803.5	17.33
CENTRAL AMERICA	2,273.8	16.12	5,845.8	11.51
CENTRAL EUROPE	67.7	0.48	316.8	0.62
EU	142.5	1.01	1,981.4	3.90
MIDEAST	360.9	2.56	1,157.0	2.28
NAFTA	2575.4	18.26	9,136.2	17.99
SOUTH AMERICA	165.7	1.17	764.0	1.5
SOUTH ASIA	1,772.7	12.57	5,338.6	10.51
SUB SAHARA	128.2	0.91	584.3	1.15

January 1, 2000 to December 31, 2000				
	Million SME		Million US Dollars	
Region		**%Share**		**%Share**
WORLD	*16,036.2*	*100.00*	*57,298.9*	*100.00*
ASEAN	2,280.4	14.22	8,355.0	14.58
BIG FOUR	3,103.4	19.35	13,313.1	23.23
CBI	3,651.3	22.77	9,608.8	16.77
CENTRAL AMERICA	2,554.5	15.93	6,632.9	11.58
CENTRAL EUROPE	85.8	0.54	401.0	0.70
EU	184.1	1.15	2,064.8	3.60
MIDEAST	542.6	3.38	1,811.5	3.16
NAFTA	2,827.0	17.63	10,159.5	17.73
SOUTH AMERICA	190.2	1.19	948.9	1.7
SOUTH ASIA	2,195.5	13.69	6,564.3	11.46
SUB SAHARA	164.2	1.02	748.4	1.31

	January 1, 2001 to December 31, 2001			
	Million SME		Million US Dollars	
Region		**%Share**		**%Share**
WORLD	*16,103.6*	*100.00*	*56,461.9*	*100.00*
ASEAN	2,451.1	15.22	8,593.3	15.22
BIG FOUR	3,139.1	19.49	12,807.1	22.68
CBI	3,570.1	22.17	9,376.5	16.61
CENTRAL AMERICA	2,593.3	16.10	6,704.7	11.87
CENTRAL EUROPE	101.7	0.63	432.1	0.77
EU	168.5	1.05	2,080.0	3.68
MIDEAST	580.5	3.61	1,901.5	3.37
NAFTA	2,571.4	15.97	9,396.3	16.64
SOUTH AMERICA	174.7	1.08	88.3	1.57
SOUTH ASIA	2,201.9	13.67	6,500.1	11.51
SUB SAHARA	218.5	1.36	950.9	1.68



US Apparel Imports by Region 2001

Region	SME Volume-Million	% Share	Million US Dollars	%Share	% Ratio: $/Volume	$ Per SME
World	16,103.60	100	56,461.90	100	100%	$ 3.51
Asean	2,451.10	15.22	8,593.30	15.22	1.00	$ 3.51
Big Four	3,139.10	19.49	12,807.10	22.68	1.16	$ 4.08
South Asia	2,201.90	13.67	6,500.10	11.51	0.84	$ 2.95
CBI	3,570.10	22.17	9,376.50	16.61	0.75	$ 2.63
NAFTA	2,571.40	15.97	9,396.30	16.64	1.04	$ 3.65
Central America	2,593.30	16.1	6,704.70	11.87	0.74	$ 2.59
EU	168.50	1.05	2,080.00	3.68	3.50	$ 12.34
Central Europe	101.70	0.63	432.10	0.77	1.22	$ 4.25
Mid East	580.50	3.61	1,901.50	3.37	0.93	$ 3.28
South America	174.70	1.08	88.30	1.57	1.45	$ 0.51
Sub Sahara	218.50	1.36	950.90	1.68	1.24	$ 4.35

Notes:
SME = Square Meter Equivalents
Central America = Subset of CBI Region
ASEAN = Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thialand, Vietnam
Big Four = China, Hong Kong, Korea, Taiwan
NAFTA = Mexico, Canada
Sub Sahara = AGOA countries

SSA Apparel Exports to the United States, 1995-2001

Note: Only those countries will measurable levels of trade are shown in the following tables

U.S. General Imports for Year Ending December 31, 1995 Apparel				
Country	Million SME	Percent Share	Million U.S. Dollars	Percent Share
World	*9,254.9*	*100.00*	*34,648.6*	*100.00*
Sub Sahara Africa	**112.2**	**1.21**	**389.2**	**1.12**
Botswana	2.0	0.02	4.9	0.01
Ghana	0.7	0.01	2.5	0.01
Kenya	12.8	0.14	33.8	0.10
Lesotho	17.0	0.18	61.9	0.18
Madagascar	1.2	0.01	6.7	0.02
Malawi	0.4	0.00	0.8	0.00
Mauritius	46.2	0.50	190.6	0.55
Nigeria	0.1	0.00	0.2	0.00
South Africa	19.7	0.21	57.0	0.16
Tanzania	1.7	0.02	3.2	0.01
Zimbabwe	5.0	0.05	12.6	0.04

U.S. General Imports for Year Ending December 31, 1996 Apparel				
Country	Million SME	Percent Share	Million U.S. Dollars	Percent Share
World	*9,658.5*	*100.00*	*36,388.8*	*100.00*
Sub Sahara Africa	**93.4**	**0.98**	**360.8**	**0.99**
Botswana	3.2	0.03	6.8	0.02
Kenya	10.6	0.11	27.4	0.08
Lesotho	15.2	0.16	65.3	0.18
Madagascar	2.8	0.03	11.0	0.03
Malawi	1.3	0.01	1.3	0.00
Mauritius	34.2	0.35	164.8	0.45
Nigeria	0.1	0.00	0.1	0.00
South Africa	19.5	0.20	61.1	0.17
Swaziland	2.8	0.03	11.5	0.03
Tanzania	2.2	0.02	4.1	0.01
Zimbabwe	1.4	0.01	4.9	0.01

U.S. General Imports for Year Ending December 31, 1997

Apparel

Country	Million SME	Percent Share	Million U.S. Dollars	Percent Share
World	*11,349.1*	*100.00*	*42,826.9*	*100.00*
Sub Sahara Africa	**108.0**	**0.95**	**430.0**	**1.00**
Botswana	2.8	0.02	7.2	0.02
Kenya	10.5	0.09	31.2	0.07
Lesotho	21.3	0.19	86.3	0.20
Madagascar	4.6	0.04	15.3	0.04
Mauritius	34.2	0.30	184.7	0.43
Nigeria	0.1	0.00	0.2	0.00
South Africa	23.2	0.20	71.3	0.17
Swaziland	3.5	0.03	15.1	0.04
Tanzania	4.4	0.04	7.1	0.02
Zimbabwe	2.5	0.02	8.8	0.02

U.S. General Imports for Year Ending December 31, 1998

Apparel

Country	Million SME	Percent Share	Million U.S. Dollars	Percent Share
World	*12,885.5*	*100.00*	*48,175.2*	*100.00*
Sub Sahara Africa	***117.1***	***0.91***	***523.8***	***1.09***
Botswana	4.0	0.03	10.1	0.02
Ghana	1.7	0.01	7.5	0.02
Kenya	10.2	0.08	33.5	0.07
Lesotho	24.0	0.19	100.1	0.21
Madagascar	5.3	0.04	22.0	0.05
Mauritius	37.3	0.29	233.4	0.48
South Africa	22.2	0.17	78.6	0.16
Swaziland	4.1	0.03	16.3	0.03
Tanzania	4.2	0.03	8.2	0.02
Zimbabwe	2.9	0.02	10.0	0.02

U.S. General Imports for Year Ending December 31, 1999

Apparel

Country	Million SME	Percent Share	Million U.S. Dollars	Percent Share
World	14,103.6	100.00	50,796.4	100.00
Sub Sahara Africa	**128.2**	**0.91**	**584.3**	**1.15**
Botswana	2.8	0.02	9.7	0.02
Kenya	12.5	0.09	39.3	0.08
Lesotho	25.8	0.18	110.8	0.22
Malawi	1.1	0.01	1.4	0.00
Mauritius	38.4	0.27	231.6	0.46
South Africa	25.7	0.18	97.2	0.19
Swaziland	4.9	0.03	23.2	0.05
Tanzania	1.3	0.01	2.6	0.01
Zimbabwe	4.8	0.03	17.4	0.03

U.S. General Imports for Year Ending December 31, 2000

Apparel

Country	Million SME	Percent Share	Million U.S. Dollars	Percent Share
World	*16,036.2*	*100.00*	*57,298.9*	*100.00*
Sub Sahara Africa	**164.2**	**1.02**	**748.4**	**1.31**
Botswana	2.2	0.01	8.3	0.01
Cape Verde	0.4	0.00	0.9	0.00
Ghana	0.3	0.00	0.3	0.00
Guinea	0.1	0.00	0.2	0.00
Kenya	12.6	0.08	43.8	0.08
Lesotho	34.4	0.21	140.2	0.24
Madagascar	20.5	0.13	109.6	0.19
Malawi	3.3	0.02	7.2	0.01
Mali	0.1	0.00	0.0	0.00
Mauritius	39.8	0.25	244.8	0.43
Nigeria	0.1	0.00	0.1	0.00
Sierra Leone	0.1	0.00	0.2	0.00
South Africa	37.9	0.24	142.0	0.25
Swaziland	7.2	0.04	31.9	0.06
Zambia	0.1	0.00	0.3	0.00
Zimbabwe	5.1	0.03	18.0	0.03

U.S. General Imports for Year Ending December 31, 2001

Apparel

Country	Million SME	Percent Share	Million U.S. Dollars	Percent Share
World	*16,103.6*	*100.00*	*56,461.9*	*100.00*
Sub Sahara Africa	**218.5**	**1.36**	**950.9**	**1.68**
Botswana	1.3	0.01	2.4	0.00
Cape Verde	0.6	0.00	1.2	0.00
Central African Republic	0.1	0.00	0.1	0.00
Ethiopia	0.5	0.00	0.4	0.00
Ghana	0.2	0.00	0.2	0.00
Ivory Coast	0.1	0.00	0.0	0.00
Kenya	18.5	0.12	64.6	0.11
Lesotho	51.0	0.32	214.8	0.38
Madagascar	37.5	0.23	178.0	0.32
Malawi	4.4	0.03	11.2	0.02
Mauritius	41.1	0.26	238.2	0.42
Mozambique	0.1	0.00	0.2	0.00
Namibia	0.1	0.00	0.1	0.00
Nigeria	0.1	0.00	0.3	0.00
South Africa	47.6	0.30	175.2	0.31
Swaziland	11.4	0.07	48.0	0.08
Zambia	0.2	0.00	0.2	0.00
Zimbabwe	3.6	0.02	14.3	0.03

Sources of Information

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American Apparel & Footwear Association
Cotton, Inc
Otexa.org
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World Bank (Study of Nigerian Manufacturing—2001)
Ministry of Commerce & Consumption Dept External Trade & Production, Madagascar
Journal of Professional Administration, July 1997, Export Promotion
Calabar EPZ brochure

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Churchgate
Enpee
Afprint
Nichemetex Industries, Plc.
United Nigerian Textiles, Plc.
Bhojsons Industries, Plc.
Specomil Textiles, Ltd.
Adhama Textile and Garment Ind. Ltd
Dangote Gen. Textile Products, Ltd.
Gaskiya Textile Mills, Plc.
African Textile Manufacturers, Ltd.
Springview Garment (Nig.) Ltd.
The Limited
Russell Sportswear
Liz Claiborne
Haggar
American Apparel & Footwear Association

Other sources in Nigeria:

Chemonics, Inc staff
Ministry of Commerce
US Embassy
USAID
J. E. Austin Associates